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THIS IS UNEVALUATED INFORMATION

1. The Chinese Communists are contemplating the establishment of a heavy industry center at P'ingyao (112-11, 37-10). The project is being developed under two three-year plans, 1950-1952 and 1953-1955, and along the following lines:
 - a. First period: construction of factories, installation of hydroelectric plants, and the procurement of machines.
 - b. Second period: to reach production standards established by the government.
2. Thirty Soviet engineer teams, including water conservancy experts Pu-k'o-fu (布克夫) and Sha-fan-no-fu (沙反諾夫); Chinese technicians of the Heavy Industry Department, Shansi People's Government; and the Academy of Sciences, have been preparing preliminary plans.
3. Dismantled equipment from the Shanghai Power Company, Tientsin French-operated power station, and the Changchun, Mukden, and Hsuanhua (115-01, 40-37) power plants will be installed at the following places:
 - a. Lungmen (110-30, 35-40). A hydroelectric plant is scheduled for completion by August 1952.
 - b. P'ingyao. A large steam-generated plant will be installed at Kang-shangchen (崗山鎮), 9 miles southeast of P'ingyao.
 - c. Fenyang (111-47, 37-16). A steam-generated plant will be installed.
 - d. Hsiao (111-47, 37-05). A steam-generated plant will be installed.
 - e. Lingshih (111-46, 36-51). A steam-generated plant will be installed.

With the exception of Lungmen plant, all construction and installation work will be completed by June 1952. The Soviet Union will meet equipment deficiencies.

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4. The Ch'ueh Ku Ling (鵲 鵲 嶺) Chemical Works for refining rare metals will be constructed underground. The plant will be completed by the end of June 1952. The Chinch'eng (112-56, 35-31) Steel Works was converted from an arsenal and will be completed by 1951. It has a labor force of 45,000, and its production at present and for 1952 is devoted to construction materials for the development of the P'ingyao area. Ordnance factories, cast-iron works and rubber factories will be established along the railway between P'ingyao and Ch'ishih (110-55, 37-40). Some of these factories are in operation and have been built in caves.
5. The Railway Army Group and graduates of technical schools in the P'ingyao area are engaged in the following railroad construction:
 - a. Converting the narrow gauge railroad that runs from Chengting (114-34, 38-09) to T'aiyuan to standard gauge double-track lines.
 - b. Extension of the railroad from Chinch'eng (112-56, 35-31) to Ch'inyang (112-55, 35-06).
 - c. Construction of the double track (?) railroad between P'ingyao and Ch'ishih (110-55, 37-40). About 80 per cent of this railroad has been completed and is open to the public; the unfinished portion will be completed by the end of 1951.

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